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## □ BUILDING PROSPERITY MEANS INVESTING IN PEOPLE

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By Andrew S. Natsios, Administrator, U.S. Agency for International Development

*More than 800 million people face chronic hunger, 113 million children are not in school, and the growing HIV/AIDS epidemic threatens fragile health and social systems worldwide, says Andrew Natsios, administrator of the U.S. Agency for International Development. “Unless the world addresses these issues of poverty and hunger,” he says, “we can look forward to spreading humanitarian crises, increasing and more violent internal conflicts, and deteriorating conditions for the world’s poorest peoples.”*

*Natsios says he intends to refocus USAID’s resources to provide additional support and funding for agriculture, with a particular emphasis on Africa, to urge African farmers to adopt the latest agricultural research, and to focus on regional, coordinated approaches to poverty and hunger reduction. Other key USAID poverty reduction strategies he will pursue include microenterprise development, education — particularly of women and girls — and research and treatment of AIDS and other diseases.*

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The U.S. Agency for International Development (USAID) is the U.S. government’s principal institution working to fight poverty through economic growth, end hunger through increased agricultural production, and prevent conflict in developing countries around the world. USAID extends assistance to people recovering from disaster, trying to escape poverty, and engaging in democratic reforms.

Our work with government and private partners worldwide has yielded impressive results — even as the world’s population doubled from 3,000 million in 1960 to more than 6,000 million today. In the past 30 years, the percentage of people living in absolute poverty has been cut almost in half. The majority of the world’s citizens today can provide themselves and their families an adequate standard of living. Most of the world’s population now lives in countries that have embraced market-based economic systems and democratic forms of government.

In the past 50 years, infant and child death rates in the developing world have been reduced by 50 percent, and health conditions around the world have improved more during this period than in all previous human history. We helped eradicate smallpox worldwide and are close to

eliminating polio. Literacy rates climbed from 35 percent to 70 percent in the past 30 years, and primary school enrollment has tripled.

In one sense, the global community has succeeded remarkably in assuring that coming generations will be better off than previous ones — healthier, more prosperous, and capable of generating further improvements in the quality of life through their innovations and investments.

### THE CHALLENGES OF POVERTY AND HUNGER

But before we pat ourselves on the back for a job well done, let’s consider the job left undone. More than 1,200 million people live on less than a dollar a day. More than 800 million people face chronic hunger that prevents them from leading healthy and active lives. More than 113 million children are not in school — and many of these face abusive working conditions, even slavery. The growing HIV/AIDS epidemic causes real suffering for millions of people, leaves millions of children orphans, and threatens already fragile health and social systems.

Unless the world addresses these issues of poverty and hunger, we can look forward to spreading humanitarian crises, increasing and more violent internal conflicts, and deteriorating conditions for the world’s poorest peoples. At USAID, this discontent and desperation affects our work directly: nearly two-thirds of the countries with USAID field missions have been ravaged by civil conflict over the past five years, in some cases destroying years of economic and political progress, demolishing health and education systems, and driving away affluent and educated people.

Poverty and food security are great challenges. As Americans, we have both a self-interest and a moral imperative to confront them. USAID helps fulfill these obligations by working to increase incomes and food security through broad-based economic growth and economic liberalization programs, in combination with programs in health, education, and democratic governance. From decades of experience, we know that our coordinated development programs, carefully implemented, can over the long term improve real incomes and increase food security in a sustainable manner.

## AFRICA: A CLEAR REGIONAL CHALLENGE

Sub-Saharan Africa stands out as posing the greatest challenge to the world community — and to USAID. While global poverty rates generally dropped in most regions in the 1990s, in Africa, the trend was upward. Similarly, while the number of undernourished individuals is projected to decline significantly in most regions of the world before 2015, estimates are that the number of hungry in Africa will increase by about 10 million a year over the next decade. By 2010, 435 million Africans could face severe food insecurity.

To stimulate economic development for African people to work and to prosper, first and foremost, we must build the agricultural sector. In Africa, 70 percent or more of the poor live in rural areas and depend on agriculture for all or part of their incomes; malnutrition is associated with 55 percent of child deaths. Increasing farm productivity leads both to increased income and improved nutrition. Because of Africa's dependence on agriculture, increasing incomes in agriculture will also generate employment, which will in turn increase incomes in other sectors.

Under the Bush administration, I intend to refocus USAID's resources and strategies on providing more support and funding for agriculture, with particular emphasis on Africa. Our specific goals are to eliminate famine, improve nutrition and diet for poor families, dramatically cut absolute poverty, and reduce income disparities between rural and urban families. To accomplish these goals, our economic development strategies will focus on several fundamental principles.

First, we know that science-based, market-based economic policies give farmers and agricultural processors incentives to produce. For example, in Mali, USAID supported policy and institutional reforms in the mid-1980s that increased incentives to invest in better rice varieties and processing technology, and improved the management of both agricultural and natural resources. The result: rice production in the inner delta region of Mali doubled between 1993 and 2000.

Second, we want African farmers to make use of the latest agricultural research. From the Mali example and others, we know that agricultural technology can increase productivity — if we ensure that rural farmers have access to that technology and the ability to put it to use.

Third, we must focus on scale. The fact is, severe poverty or hunger in one country causes displacement and economic

effects that hurt surrounding nations. To ensure sustainable economic growth, I intend to focus on regional, coordinated approaches to poverty and hunger reduction.

Another important piece of USAID's economic development strategy is microenterprise development. By providing poor entrepreneurs with access to capital and business training, USAID has helped millions of people start small enterprises and raise their standard of living — and generated employment for millions more. In Africa, more than 250,000 clients had loans averaging \$214 from USAID-supported institutions, with a repayment rate greater than 98 percent.

USAID also helps create economic opportunity by helping developing countries become real partners in the global trading system. Although domestic markets will continue to be important, regional and global markets offer opportunities for Africa to export cash crops and other products to markets where demand will increase their incomes. USAID is the world leader in helping African countries develop the expertise needed to participate in trade negotiations and fulfill the responsibilities of trade agreements.

As noted earlier, a sustainable poverty reduction strategy is more than building economic opportunity. To ensure stable economic growth over the long haul, we must address health and social issues.

In Africa, AIDS is one of the most serious threats to development. The hardest-hit African countries will lose between 13 percent and 23 percent of their labor forces over the next 20 years. The result will be severe farm labor shortages at a time when we need to increase agriculture income in Africa to build prosperity. The United States is the world leader in responding to HIV/AIDS, and President George W. Bush has put the full force of his cabinet behind the U.S. response to this crisis. The U.S. approach emphasizes prevention and public education and includes treatment, care for orphans, measures to stop mother-to-child transmission, affordable drugs, delivery systems, infrastructure, and medical training. And, of course, it includes research into vaccines and a cure. USAID also funds major efforts to address malaria, tuberculosis, and other diseases.

Education is critical to participating in a global and interconnected economy. As President Bush said recently: "Literacy and learning are the foundation of democracy and development." In fact, one of the best investments of our

development dollars is in the education of women and girls. The president directed Secretary of State Colin Powell and me to develop an initiative to improve basic education and teacher training in Africa for all, regardless of gender, and pledged increased funding for these efforts.

## **MAKING USAID MORE EFFECTIVE: THE FOUR PILLARS**

In order to fight poverty more effectively, I intend to fundamentally change the way the agency does business by focusing on four “pillars”: Global Development Alliance; Economic Growth, Agriculture, and Trade; Global Health; and Democracy, Conflict, and Humanitarian Assistance. By aggregating current and new programs that are mutually reinforcing into these pillars, USAID will be able to use scarce budget and human resources more effectively and to describe its programs more clearly.

**Global Development Alliance.** In recent years, the paradigm of foreign assistance funding has changed drastically. The globalization of the world economy has meant that governments, while still essential, are not the only institutions through which public services are provided. The role of religious institutions, nongovernmental organizations, private foundations, universities, and the private market economy in providing services and accomplishing public objectives has dramatically increased.

U.S. organizations and companies want to and already do help less fortunate people worldwide, but many organizations are not prepared to provide assistance in developing countries effectively. On the other hand, USAID has not been prepared to take full advantage of the resources private organizations can bring us. The Global Development Alliance pillar will change this by actively seeking out partners willing to commit real resources — funding, information, and personnel — to support development programs. With these partners, we will build alliances that target specific development objectives and leverage private funds from foundations and corporations to accomplish those objectives.

**Economic Growth, Agriculture, and Trade.** This pillar highlights the interrelationship and interdependence of economic growth and agricultural development, international trade, environmental sustainability, and the development of a country’s human capital — with the ultimate goal of creating and cultivating viable market-oriented economies.

**Global Health.** This pillar includes maternal and child health, nutrition, women’s reproductive health, HIV/AIDS, and programs that address infectious disease such as malaria and tuberculosis. These are global issues with global consequences: the health of a population directly affects its productivity, and unchecked diseases in other countries pose threats to our own.

**Democracy, Conflict, and Humanitarian Assistance.** This pillar recognizes USAID’s world leadership in its ability to respond to natural and man-made disasters. This pillar also recognizes that responding to disasters is not enough: we must learn to prevent conflicts that lead to humanitarian crises before they happen and help people rebuild better after such crises. We will integrate USAID’s democracy programs with new approaches to crisis and conflict analysis and with the development of new methodologies to assist conflicting parties to resolve their issues peacefully.

## **CONCLUSION**

Our new approaches and strategies will enable USAID to coordinate our programs and leverage substantial private resources to fight poverty and hunger in the world’s poorest countries. Our goal is to help poor people improve their lives and build societies that can become stable and secure trading partners. In so doing, USAID serves America’s foreign policy objectives and reflects the deep humanitarian instincts of the American people. The result will be a world that is safer, more prosperous, and freer than ever before. □